



JOHN NAIMO  
AUDITOR-CONTROLLER

## COUNTY OF LOS ANGELES DEPARTMENT OF AUDITOR-CONTROLLER

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May 26, 2015

TO: Supervisor Michael D. Antonovich, Mayor  
Supervisor Hilda L. Solis  
Supervisor Mark Ridley-Thomas  
Supervisor Sheila Kuehl  
Supervisor Don Knabe

FROM:

John Naimo

Auditor-Controller

SUBJECT: **PHOENIX HOUSE OF LOS ANGELES – A DEPARTMENT OF MENTAL  
HEALTH SERVICE PROVIDER – PROGRAM REVIEW**

We completed a program review of Phoenix House of Los Angeles (Phoenix House or Agency), which included a sample of billings from Fiscal Year (FY) 2013-14. The Department of Mental Health (DMH) contracts with Phoenix House to provide mental health services, including interviewing Program clients, assessing their mental health needs, and implementing treatment plans.

The purpose of our review was to determine whether Phoenix House provided the services and maintained proper documentation, as required by their County contract.

DMH paid Phoenix House approximately \$2.3 million on a cost-reimbursement basis for FY 2013-14. The Agency provides services in the Third Supervisorial District.

### **Results of Review**

Phoenix House's treatment staff had the required qualifications. However, Phoenix House did not develop the Medication Support Services objectives that meet the criteria required by their DMH contract for 11 (55%) of the 20 Client Care Plans reviewed. In addition, the case file for one (33%) of the three court dependents reviewed that received psychotropic medication did not contain a court authorization as required.

Details of our review, along with recommendations for corrective action, are attached.

**Review of Report**

We discussed our report with Phoenix House and DMH. Phoenix House's attached response (Attachment II) indicates that they agree with our findings and recommendations. DMH will work with Phoenix House to ensure that our recommendations are implemented.

We thank Phoenix House management and staff for their cooperation and assistance during our review. If you have any questions please call me, or your staff may contact Don Chadwick at (213) 253-0301.

JN:AB:DC:EB:nj

**Attachments**

c: Sachi A. Hamai, Interim Chief Executive Officer  
Dr. Marvin J. Southard, D.S.W., Director, Department of Mental Health  
Elizabeth J. Harris, Ph.D., Board Chair, Phoenix House  
Frank Sanchez, Ph.D., LMFT, Managing Director, Phoenix House  
Public Information Office  
Audit Committee

**PHOENIX HOUSE OF LOS ANGELES  
DEPARTMENT OF MENTAL HEALTH  
PROGRAM REVIEW  
FISCAL YEAR 2013-14**

**PROGRAM SERVICES**

**Objective**

Determine whether Phoenix House of Los Angeles (Phoenix House or Agency) provided the services billed to the Department of Mental Health (DMH) in accordance with their contract and related guidelines.

**Verification**

We selected 40 (2%) of the 2,461 approved Medi-Cal billings for July and August 2013, which were the most current billings available at the time of our review (July 2014). We reviewed the Assessments, Client Care Plans, and Progress Notes in the clients' charts for the selected billings. The 40 billings represent services provided to 20 clients.

**Results**

The Agency overbilled DMH \$158 for two (5%) of the 40 billings reviewed. Specifically, Phoenix House billed for Crisis Intervention Services instead of Mental Health Services in error. In addition, the Agency did not always complete their Assessments, Client Care Plans, and Court Authorization in accordance with their contract requirements.

**Assessments**

Phoenix House did not appropriately complete the Assessment for one (5%) of the 20 clients reviewed. Specifically, the Assessment contained a primary diagnosis of substance abuse that is not an "included" diagnosis and thus not reimbursable by Medi-Cal. In addition, there were 41 billings for this client associated with the substance abuse diagnosis. The Assessment contained a secondary Medi-Cal allowable diagnosis for which the client was receiving treatment. According to the DMH Provider's Manual, Chapter 1, Page 1-7, the primary diagnosis of an episode should be a diagnosis associated with a claim, and the diagnosis should be included for Medi-Cal.

We expanded our sample for the audit period and found an additional 26 billings for four clients that were not associated with a Medi-Cal allowable diagnosis. The Agency explained that the clients were Medi-Cal eligible, however, their electronic charting and billing system put the wrong primary diagnosis in error. Phoenix House could not determine why the system was not updating the diagnosis. Phoenix House needs to identify the problem with their billing system associated with a mental health diagnosis to ensure that diagnoses are properly reported.

**Client Care Plans**

Eleven (55%) of the 20 Client Care Plans reviewed were not completed by Phoenix House in accordance with their DMH contract. Specifically, 11 Client Care Plans for Medication Support Services and one for Mental Health Services did not contain objectives that related to the presenting problem or functional impairment documented in the Assessment. In addition, all 11 objectives for Medication Support Services were not individualized.

According to the DMH Provider's Manual, Chapter 1, Page 1-10 and Page 1-11, Client Care Plans should include clinical/case management objectives that are SMART (specific, measurable, achievable, relevant, and time-bound) and relate to the identified mental health impairments and diagnosis/symptomology as documented in the Assessment.

The number of incomplete Client Care Plans above exceeds the total number of the Client Care Plans in question because one Client Care Plan contained more than one deficiency.

**Court Authorization**

Phoenix House prescribed and administered psychotropic medication for one (33%) of the three clients who were court dependents without obtaining a court authorization as required by the California Welfare and Institutions Code 365.5. According to the California Welfare and Institutions Code 365.5, if a child is adjudged a dependent child of the court under Section 300 and the child has been removed from the physical custody of the parent under Section 361, only a court juvenile officer shall have authority to make orders regarding the administration of psychotropic medications for the child.

**Recommendations****Phoenix House of Los Angeles management:**

- 1. Repay the Department of Mental Health \$158.**
- 2. Identify the problems with their billing system to ensure that billings are associated with a Medi-Cal reimbursable diagnosis.**
- 3. Ensure Assessments and Client Care Plans are completed in accordance with their Department of Mental Health contract.**
- 4. Ensure that Court Authorizations are obtained and documented in the clients' charts, before treating clients with psychotropic medication.**

**STAFFING QUALIFICATIONS****Objective**

Determine whether Phoenix House's treatment staff had the required qualifications to provide the mental health services.

**Verification**

We reviewed the California Board of Behavioral Sciences' website and/or the personnel files for 16 (62%) of the 26 Phoenix House treatment staff who provided services to DMH clients during July and August 2013.

**Results**

Each employee reviewed had the qualifications required to provide the billed services.

**Recommendation**

**None.**

**COUNTY OF LOS ANGELES  
DEPARTMENT OF MENTAL HEALTH – PROGRAM REVIEW  
CORRECTIVE ACTION PLAN (CAP)**

<b>Fiscal Year</b>	<b>Corporate Name and Corporate Address</b>	<b>Date of Program Review</b>	<b>Date CAP Due to DHCS Contract Program Auditor</b>
<b>2013-2014 Provider No 7356A</b>	Phoenix House of Los Angeles 11600 Eldridge Ave Lake View Terrace, CA 91342	July 15, 2014	May 1, 2015



<b>Regulatory Requirement Section</b>	<b>Deficiencies</b>	<b>Corrective Action</b>	<b>Staff Responsible for Correcting Deficiency</b>	<b>Date of Implementation</b>
<i>Assessments</i>	Phoenix House did not appropriately complete the Assessment for one out of 20 clients reviewed. Specifically, the Assessment contained a primary diagnosis of substance abuse that is not an "included" diagnosis and thus not payable to Medi-Cal.	<ol style="list-style-type: none"> <li>1. Phoenix House will repay DMH \$158</li> <li>2. Mental Health Therapists were trained on the Department of Mental Health DSM IV Diagnosis termed included diagnosis on 12/11/14. Ongoing training will continue to be provided to new and current staff.</li> <li>3. A modification will be made to the Phoenix House Electronic Health Record (Welligent) to capture invalid diagnosis</li> </ol>	<ol style="list-style-type: none"> <li>1. Accounts Payable</li> <li>2. Quality Assurance Specialist</li> <li>3. Director of Mental Health</li> </ol>	<ol style="list-style-type: none"> <li>1. 5/15/15</li> <li>2. 12/11/14</li> <li>3. 5/15/15</li> </ol>
<i>Client Care Plans</i>	Phoenix House did not appropriately complete the Client Care Plans for 11 of the 20 Client Care Plans reviews. Specifically, 11 Client Care Plans for Medication Support Services and one for Mental Health Services did not contain objectives that related to the presenting problem or functional impairment documented in the Assessment. In addition, all 11 objectives for MSS were not individualized.	<p>Phoenix House will ensure that Assessments, Client Care Plans, and Progress Notes are completed in accordance with the Department of Mental Health contract. This will be accomplished by:</p> <ol style="list-style-type: none"> <li>1. Trainings on DMH documentation guidelines have occurred with Mental Health staff on 12/11/14, 2/17/15, 4/14/15, and will continue ongoing to new and current staff.</li> <li>2. Clinical Supervisor will review clinical documentation weekly to monitor compliance to DMH documentation guidelines.</li> <li>3. QA will conduct Quality Assurance Chart Reviews on 10% of all charts to ensure DMH standards, policies, and guidelines are being</li> </ol>	<ol style="list-style-type: none"> <li>1. Director of Mental Health</li> <li>2. Clinical Supervisor</li> <li>3. Quality Assurance Specialist</li> <li>4. Psychiatrist</li> </ol>	<ol style="list-style-type: none"> <li>1. 12/11/14</li> <li>2. 5/1/15</li> <li>3. 10/1/14</li> <li>4. 12/1/14</li> </ol>

## CORRECTIVE ACTION PLAN (CAP)

Regulatory Requirement Section	Deficiencies	Corrective Action	Staff Responsible for Correcting Deficiency	Date of Implementation
		<p>followed.</p> <p>4. Revised the process for the Psychiatrist to complete individualized objectives for Medication Support Services relating to the presenting problem or functional impairment.</p>		
<i>Court Authorization</i>	Phoenix House prescribed and administered psychotropic medication for one of three clients who were court dependents without obtaining a court authorization as required by the California Welfare and Institutions Code 365.5.	Phoenix House shall ensure that children have current court-approved authorizations for the administration of psychotropic medications. The prescribing psychiatrist will complete forms JV220 and JV220A once he/she orders the medication. The Nurse Manager will review the forms for accuracy and clarify any discrepancies regarding the order prior to faxing the forms to the psychotropic medication authorization desk. The JV220 packet and the fax confirmation page will be uploaded to the client's electronic health record (Welligent) under the Psychiatric Treatment Documents folder in the Attachments section. Once form JV223 is received by Phoenix House indicating the approval or denial of the application, the psychiatrist will be notified of the result and the form will be uploaded to Welligent as described above. All communication with the psychotropic medication desk will be documented in the Psychotropic Medication Authorization Activity Log. At each monthly follow up visit (or more frequently as needed); the psychiatrist will review the client's records to ensure that a current court authorization is in place for the child. The	Nurse Manager	5/15/15

## CORRECTIVE ACTION PLAN (CAP)

Regulatory Requirement Section	Deficiencies	Corrective Action	Staff Responsible for Correcting Deficiency	Date of Implementation
		Nurse Manager will also audit client charts for those taking psychotropic medications bi-weekly to ensure that a current court authorization is on file for each one. The psychiatrist will immediately be notified of any missing court authorizations, which will be completed and submitted at the first available opportunity. Phoenix House will train all nursing staff on psychotropic medication authorization procedures.		
Staffing Qualifications	Phoenix House's treatment staff had the required qualifications to provide the mental health services.	No corrective action was required.		

Signatures of individuals completing CAP		Print name and Title	Date
		Amy Spahr, Director of Mental Health Services	5-1-15
		Frank Sanchez, Managing Director	5-1-15